

## **CSR: The Australian Consumers' Perspective**

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### **Abstract**

*The paper reports on initial research on consumer attitudes to Corporate Social Responsibility (CSR). To guide this process, a new framework for interpreting the process of attitudinal change to CSR has been developed. This framework posits that consumer attitudes and behaviour reflect the concerns of an individualized and reflexive society developed through the process of reflexive modernisation. To further develop this framework, the insights emerging from analysis of ten in depth interviews are considered. These focus around the changes that informants report with respect to their growing concerns about sustainability and their evaluations of corporations' levels of responsibility. Informants showed a tendency to focus on only one area of concern. The impact of this upon their behaviour is marked but these changes are often reflected in community involvement or recycling rather than in changes to purchasing or investing behaviours.*

**Keywords:** Corporate Social Responsibility, Consumer Attitudes, Reflexive Modernisation

### **Background**

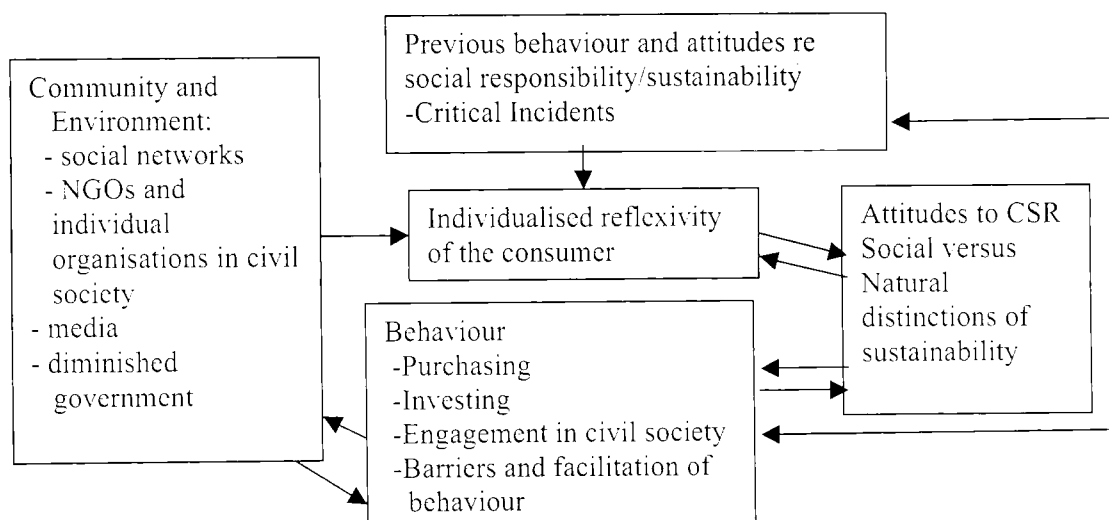
In an era when corporate actions are viewed with increasing public scepticism (Smith, 2003), consumer expectations and attitudes towards corporate social responsibility (CSR) is an area of research that deserves greater attention. Coupled with the emergence of CSR are trends towards socially responsible investment (Taylor Nelson Sofres, 2001). There is evidence to suggest the community expects companies will do so - 45% of Australians agree that the role of large companies is to 'exceed all laws, set a higher ethical standard and help build a better society for all' (EnviroNics International Ltd, 1999) and 92% of Australians think corporations should be more caring (Lloyd, 2004). However most of the information available on attitudes of the Australian consumer towards CSR is embedded in proprietary and commercial surveys (Lloyd, 2004) and hence is not accessible to relevant stakeholders, in particular the general community. Placing extensive empirical material for the first time in the public arena will make Australian organizations more transparent and accountable in governance terms. This is the goal of our research program.

Increasing scrutiny of corporate behaviour by a widening range of stakeholders (Zadek, 2001) reflects the rapidly growing self-critical capacity of society (Beck, 1992; Beck, 1999; Lash et al, 1996). As an aspect of the advancing processes of 'reflexive modernization' characterizing post-industrial society (Beck and Beck-Gershein, 2002; Giddens, 1991), corporations are also individualized – faced with new responsibilities, associated with an increasingly aware and informed civil society associated with mistrust. The consequences of decision-making are shifted onto the individual organisation and onto the individual citizen as consumer. Factors such as the growth of civil society, diminished level of government influence, emergence of individualized 'sub-political' arenas of decision-making associated with processes of globalization, and the

increasing influence of economic liberalism result in individuals having “more latitude in decision-making” but being given less support to assist them in making these decisions (Watley and May, 2004, p.105).

The concept of individualized reflexivity draws together disparate themes in the literature on socially responsible consumers and CSR. (e.g.: the work of Beck and Giddens). In this literature changes in socially responsible consumer attitudes have previously been examined through the lens of various models, including information models of ethical behaviour, of altruistic behaviour and of consumer sovereignty. For example, Watley and May (2004) detail the different types of information involved in generating ethical behavioural intent. According to this model, type of information is crucial to change and judgements about the magnitude and proximity of the consequences are key determinants of behaviour. Other writers argue that demographics, empowerment, and moral responsibility, not knowledge, change behaviour (Davies, Foxall and Pallister, 2002). Mohr, Webb and Harris (2001) and Andreasen (1995) both argue that consumers do not undertake high involvement decisions in one step but move in defined and often gradual stages towards such perspectives. In the context of the consumer, Roberts (1995, p.98) expresses this as consumers using their “purchasing power to express social concerns”. Social norms “represent the values and attitudes of significant others” and, on their own, social norms are too general to govern behaviour (Davies et al, 2002, p.38). Personal norms, on the other hand, are individualised or internalised social norms (Davies et al, 2002). In describing participation in recycling programs, Davies et al (2002) describe how frequency of behaviour encourages the internalisation of social norms. In line with reflexivity theory, this suggests that feedback from experience with the behaviour encourages norm internalisation. According to Schwartz, the translation of personal norms into behaviour depends on awareness of consequences (of inaction or action) and the ascription of responsibility for those consequences (Davies et al, 2002)

**Figure 1: Individualised reflexivity and consumer attitudes to CSR**



Theories of consumer sovereignty see individual responsibility causing organisational reflexivity. From this perspective the consumer is responsible for the actions of corporations, via purchase decisions (Smith, 1990). Ethical purchase behaviour brings about action for corporate accountability and implicitly, organisational learning (Smith, 1990). The framework in Figure 1

posits the broad and current understanding of factors causing change in consumer attitude and, ultimately, behaviour.

## **Methodology**

In this paper we report on initial research into the processes of reflexive adaptation of ideas and attitudes towards CSR and the implications of these on respondents' behavior generally and as consumers. This initial phase is directed towards exploring, in an in-depth way, the interconnection of attitudes and their co-evolution, with a goal of enriching the framework and preparing for subsequent empirical work. The first stage of the research seeks to identify a full range of attitudes and behaviours with respect to sustainability and the accompanying corporate social responsibility. These insights will be used to design a national survey benchmarking the attitudes, behaviours and evolution of consumers. The preliminary work will also form part of a continuing qualitative project that will explore the relationship between the self-critical capacity of society as it is developed at the level of the individual consumer and trends in corporate social responsibility and will aim to explicate the relationship between individual and organizational reflexivity. It is beyond the scope of this paper to explore in detail the research design for the entire program.

This paper reports preliminary results of the first stage of the research. Sampling is purposive, with informants selected to maximize demographic and psychographic heterogeneity as a means of exploring the full range of possible attitudes and behaviours of interest. Personal networks were used to identify informants with divergent demographic and lifestyle characteristics. To assist in an appropriate sample design for the survey, exploration of the extent and nature of consumer attitudes in different regions has been undertaken. Thus far 10 depth interviews have been completed in Western Australia. Preliminary analysis of these has been undertaken and is reported in the following section. This will be extended to other parts of Australia so that any regional differences can be explored.

Eight interviews were conducted by one of the authors (with substantial experience in the long interview technique). She also provided training to a senior research assistant who completed another two interviews. A comprehensive interview guide was developed to ensure coverage of all the relationships depicted in the conceptual framework (Figure 1) and similarity of focus across interviews. The instrument guides interviewers to address CSR and corporate sustainability as separate issues, although most theorists argue the concepts to overlap (Dunphy, Griffiths and Benn, 2003; Matten, Crane and Chapple, 2003). However the non directive approach of the interview guide and interviewer allows this assumption to be tested. The remainder of the guide explores consuming attitudes, behaviours, the processes by which these have changed and the reasons for such changes. All interviews were taped, and immediately following each interview, major insights and themes emerging from the interview were recorded. Thematic Analysis (identifying key themes within each interview, determining the impetus for discussion of the theme) and Associative Analysis (looking at linkages between themes as made, unprompted, by informants) were used in the analysis.

## Findings and Discussion

Preliminary discussion with possible informants explored their awareness of sustainability as a social or environmental issue. Only informants with a pre-existing awareness of sustainability were selected for interview. Among these, there was a range of levels and types of awareness with respect to sustainability. Unprompted, about one third of informants described sustainability and Corporate Social Responsibility primarily or entirely in environmental terms, about one third in social terms and one third considered both. All informants indicated their belief in the rising importance of sustainability and Corporate Social Responsibility but their attitudes as to the extent to which it was practiced, and the motives of organisations who advertised their CSR, differed enormously. At one extreme there were informants who were highly cynical about organisations, seeing their efforts as “window dressing” or “only Public Relations”. Others felt that the best of the organisations had developed a sophisticated understanding of the earth’s and/or society’s needs and recognised that their own best interests lay in actively pursuing and promoting their responsible behaviour. Informants displayed reflexive patterns in their developing and changing attitudes to CSR. This was particularly evidenced by contrasting what informants said about changes to their belief systems versus the changes to their belief systems that they reported when probed about critical incidents or when they responded to hypothetical scenarios as to appropriate responsiveness.

Informants presented highly individualized understandings of what Corporates should be doing for society. These were not necessarily in conflict but illustrated the different backgrounds of informants. For example, a 45 year old designer argued sustainability should not involve economic or social sacrifice, saying:

*“Sustainable living should not mean self-sacrifice; we shouldn’t have to “suffer” for sustainability. I wouldn’t buy an electric car, a moped or travel by public transport, but I did buy a diesel car for its lower energy consumption and it doesn’t compromise my desire for performance in a car”*

He continued by arguing that the technology was often there to make this kind of sustainability possible but that the accounting practices of Corporates would make it difficult for them to see this. For example, he spoke of sustainable building that could cost more to build but much less to run or even if it did cost more to run, would result in savings from reduced staff illness and/or turnover and hence would be cost neutral or even cost saving. But such initiatives would definitely have to come from organisations and government. In contrast, a 50 year old worker in the health care sector looked at sustainability as a bottom up process. She saw social responsibility as emerging from the individual’s action which, together with others’ actions, could evolve to more socially responsible states. Since organisations were envisaged as collections of individuals, this same process would lead to more responsible organisations. She assumed that people would want to do the right thing, it was often about educating them, and that this would almost certainly require some sacrifices.

The willingness of most informants to admit that their attitudes to social responsibility did not translate into responsible behaviour leads us to down play the effect of socially desirable responses, which we had anticipated might be a problem. While many informants recycle at home and at work and a few actively work for issues in which they believe strongly, none saw their attitudes as closely reflected in their purchasing and investment behaviour. While two informants believed that this was because many of the product choices were too poor to justify

consideration, most admitted it was due to lack of knowledge of what the socially responsible products were and their lack of motivation to seek such information. All who mentioned this issue agreed that information was not readily available

*"Unless I'm told I don't know, I'm too busy to go out and search for information, so I'm not aware I have a choice. Companies should educate people about their environmentally friendly products. But, I don't like 'pushing': tell people what the situation is but don't tell people what to do"*

While some were prepared to pay slightly more for products they perceived as environmentally or socially desirable - an example was an informant who paid \$2.00 per tank extra for a particular brand of less polluting petrol - and some would even pay considerably more for ethically produced products - an example being coffee - this was not systematically applied. While individuals often felt very passionately about a particular issue, this would not necessarily translate into purchasing behaviour. For example, a university student felt very strongly about child exploitation but didn't actively seek information about imported products bought to ensure that firms were not exploiting children. Or it might translate into decision not to purchase:

*...with a salient issue, like logging in Tasmania, that's something that I do feel strongly about because I went to Tasmania and I saw the damage logging does and I wouldn't invest in a fund supporting that".*

But with the exception of avoidance strategies, like not investing in logging or cigarette companies, CSR attitudes did not translate into making economic sacrifices about long term investment. A typical response was: *"Sure, I would love to have ethical investments, but I would choose a non-ethical fund with 7% return over an ethical fund with 5% return"*.

The way forward identified by our informants primarily had to do with education. While most felt that readily available information could help in decision making, there was cynicism about the credibility of most available sources. Here, Governments rather than Corporates were seen as needing to take the leadership role. One younger informant highlighted the importance of including education about ethics in school curriculum – something he thought was sadly lacking. Others saw continuing programmes of education where problems and solutions were presented to the public in a sustained way as the way to modify behaviour and attitudes simultaneously. One informant gave us an example of the WA government's active and multi-pronged campaigns for water conservation. Peoples' attitudes had changed as a result of government actively promoting water saving, providing effective information explaining why people should save water and what the government was doing about the water shortage. The Government also demonstrated how much water was being wasted by providing measuring cups to households so people could see for themselves how much water they were wasting. Regulations also compelled people to change their behaviour but the way the Government handled the water saving campaign meant that the community readily accepted changes.

Overall, we found that socially responsible consumer behaviour was not evolving in the same way or to the same extent as attitudes. If considered independently of attitude, a fledging pattern of growing responsibility might be discerned where people began by behaving responsibly in socially but not economically responsible ways (eg: by recycling but not investing). This graduated to responsible purchasing for a few items about which they felt strongly and/or where there was no sacrifice. We are unable to determine whether there is no further behavioural evolution or whether our informants (and perhaps the wider community) are still in early stages of behavioural evolution. Future research will continue our investigations using our developing

theoretical framework which draws together themes of individualisation and reflexivity into the consumer choice and CSR contexts. At the level of both organisation and consumer, this individualised reflexivity poses both opportunities and threats. The more precise nature of this as well as a more developed typology of consumer purchasing behaviour relevant to the Australian context will be explored in the further analysis of this data and the subsequent stages of research.

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